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FISCAL IMPACT STATEMENT

LS 6749

BILL NUMBER: SB 338

NOTE PREPARED: Jan 30, 2014

BILL AMENDED: Jan 28, 2014

SUBJECT: State Board of Accounts.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Legislative Audit Committee:* The bill establishes an audit committee in the legislative department of state government to assure the independence of the State Board of Accounts (SBOA).

It specifies that the audit committee is comprised of five voting members and one advisory member. It also provides that the director of the Office of Management and Budget, or the director's designee, is the advisory member.

The bill requires the report of each examination to be distributed to the audit committee.

State Examiner: The bill requires that the appointment of and any removal of the State Examiner must be approved by the Legislative Council.

The bill eliminates the requirement that a state examiner and each deputy examiner have three consecutive years of active experience as a field examiner with the SBOA.

It requires the State Examiner to have at least five years of accounting experience, including at least three years of single audit experience in the public or private sector.

Deputy State Examiners: The bill replaces the requirement that the deputy state examiners be of different political parties with a requirement that not more than two of the three members of the SBOA be members of the same political party. It provides for staggered four-year terms for members of the SBOA.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) *Legislative Council:* Expenditures for the Legislative Council could increase as the result of meetings of the Legislative Council's Audit and Financial Reporting Subcommittee established under the bill. The expenses of the Subcommittee would be paid from the appropriations to the Legislative Council and Legislative Services Agency. The per diem for legislators is currently \$156 a day and for lay members is \$75 a day, in addition to expense reimbursement. In the past, the Legislative Council has established budgets for interim study committees of \$9,500 per interim for committees with fewer than 16 members.

The Legislative Council may have additional expenses to hold public meetings concerning the appointment of a member of the SBOA.

(Revised) **Additional Information:** Under the bill, the Subcommittee would provide independent oversight and review of the SBOA and the SBOA's examination process. The Subcommittee may retain the services of at least one financial expert.

SBOA compiles and audits financial statements for units of government that do not employ outside financial services. By statute, the SBOA charges \$45 per day for each field examiner engaged in making an examination. Revenue for FY 2013, which is deposited in the state General Fund, was \$2.9 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Legislative Council, SBOA.

Local Agencies Affected:

Information Sources: 2013 Indiana Handbook of Taxes, Revenues, and Appropriations.

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